

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 COME-00 EB-08 PM-05 AID-05 IGA-02
INR-10 OMB-01 TRSE-00 SS-15 L-03 MCE-00 NSC-05
ACDA-12 DODE-00 /077 R

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NEA/RA:D MORRISON (DRAFT)
USDOC/CAGNE:J HEARN (INFO)
-----032977 160138Z /72

P 152320Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY KUWAIT PRIORITY

C O N F I D E N T I A L STATE 040456

E.O. 11652: GDS

TAGS: MILI ETRD BEXP KU

SUBJECT: ARAB BOYCOTT OF ISRAEL: ROCKWELL ENCOUNTERS
PROBLEM WITH MOD TENDER

1. YET ANOTHER BOYCOTT PROBLEM IN KUWAIT HAS BEEN BROUGHT
TO ATTENTION OF DEPARTMENT; THIS TIME INVOLVING SUBCONTRACT
FOR COMMUNICATIONS NETWORK FOR NEW KUWAITI NAVAL BASE.

2. ROCKWELL'S DALLAS-BASED COMMUNICATIONS DIVISION HAS
RECEIVED TENDER DOCUMENTS, SPECIFICATIONS, ETC., FROM
ENGINEERING DEPARTMENT FOR MAJOR PROJECTS, MINISTRY OF
DEFENSE. TENDERING PROCEDURES, ARTICLE 30 ON PAGE 1-2/9,
REPEAT 1-2/9, OF TENDER DOCUMENT NO 1, SUBTITLED BOYCOTT
OF ISRAEL, SAYS: QUOTE: ALL PROVISIONS WITH REGARD TO
THE BOYCOTT OF ISRAEL SHOULD BE COMPLETELY COMPLIED WITH.
EACH TENDERER MUST SUBMIT A CERTIFICATE ATTACHED TO HIS
TENDER SHOWING NO VIOLATION OF THE PROVISIONS OF LAW 21/
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1964 RELATIVE TO ISRAELI BOYCOTT AND DECISIONS ISSUED BY
THE ISRAEL BOYCOTT OFFICE, INDICATING THAT HE IS NOT BLACK-
LISTED OR WARNED TO THIS EFFECT. TENDERS NOT ACCOMPANIED
BY THE SAID CERTIFICATE WILL NOT BE CONSIDERED.

THE SUCCESSFUL TENDERER BEFORE SIGNING THE CONTRACT MUST

SUBMIT ANOTHER CERTIFICATE ISSUED BY THE ISRAEL BOYCOTT

OFFICE, KUWAIT, CERTIFYING THAT HE IS NOT BOYCOTTED OR WARNED. IF SUCH A CERTIFICATE IS NOT SUBMITTED, THE CONTRACT SHALL NOT BE SIGNED. MOREOVER, IF SUCH CERTIFICATE WAS NOT SUBMITTED IN DUE TIME, SET BY THE CENTRAL TENDERERS COMMITTEE, THE SUCCESSFUL TENDERER'S INITIAL SURETY WILL BE FORFEITED. IN THIS EVENT THE CENTRAL TENDERERS COMMITTEE MAY EITHER ISSUE A NEW TENDER OR AWARD THE CONTRACT TO ANOTHER TENDERER, OR MAY CONCLUDE A DIRECT CONTRACT. THE CENTRAL TENDERERS COMMITTEE RESERVES THE RIGHT TO DEMAND FROM THE DELINQUENT SUCCESSFUL TENDERER ALL NECESSARY COMPENSATION, ESPECIALLY, PRICE DIFFERENCE AND ANY OTHER CHARGES INCURRED BY THE EMPLOYER TO THIS EFFECT. UNQUOTE.

3. ROCKWELL IS EAGER TO BID ON TENDER BUT, OF COURSE, DOES NOT INTEND TO ANSWER REQUIREMENTS OF THIS BOYCOTT CLAUSE. COMPANY REPRESENTATIVE, ROBERT TRUMAN, ESTIMATES SURETY BOND REQUIRED IN TENDER TO BE DOLS 200,000 TO 300,000 REPEAT 200,000 TO 300,000, REPRESENTING SUBSTANTIAL LOSS SHOULD GOK ULTIMATELY DECIDE TO PENALIZE COMPANY FOR NOT RESPONDING TO ALL OF TENDER REQUIREMENTS. SINCE KUWAITI LAW FORBIDS AGENTS ON MILITARY CONTRACTS, ROCKWELL HAS NO LOCAL COMPANY FROM WHICH TO SEEK ADVICE.

4 WE UNDERSTAND THAT MR. TRUMAN INFORMED ECON OFFICER
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BUCK OF ROCKWELL SITUATION IN TELCON FEBRUARY 15. REGARDING TIMING, TRUMAN SAID HE WOULD LIKE TO TRAVEL TO KUWAIT O/A FEBRUARY 26 SINCE FULL PROPOSAL HAS TO BE DELIVERED ON MARCH 1. WOULD APPRECIATE ANY ACTION EMBASSY CONSIDERS APPROPRIATE AND/OR SUGGESTIONS ON HOW ROCKWELL CAN BEST PROCEED IN TIME TO PERMIT TRUMAN TO ARRANGE PLANS ACCORDINGLY.
VANCE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE040456
Document Source: CORE
Document Unique ID: 00
Drafter: J J ZIOLKOWSKI:LB
Enclosure: n/a
Executive Order: GS
Errors: n/a
Expiration:
Film Number: D780070-0693
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197802113/aaaafkht.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Message ID: be589cce-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3460422
Secure: OPEN
Status: <DBA CORRECTED> gwr 970820
Subject: ARAB BOYCOTT OF ISRAEL: ROCKWELL ENCOUNTERS PROBLEM WITH MOD TENDER
TAGS: BEXP, ETRD, MILI, KU, MILI
To: KUWAIT
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/be589cce-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014